

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE MISSOURI ECONOMY

The importance of small business to the state of Missouri is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Missouri had 117,612 businesses with employees; 97.2 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 183,000 self-employed persons in 1996, for an estimated total of 300,612 businesses.

Small Business Income - The income of sole proprietors and partners rose 5.4 percent to \$8.3 billion in 1996, while wage-and-salary income rose 5.2 percent. Total personal income rose 5.2 percent to \$78.5 billion. The state also exported \$6.6 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 154,600 women-owned businesses in Missouri, including part-time firms, employing 306,300 people and generating \$38.4 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 62.1 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 27.3 percent from 1987 to 1992, totaling 9,973 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 77.7 percent during the same time period with 2,216 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 2,193 in 1987, to 3,451 in 1992, representing a 57.4 percent increase.

Business Turnover - The number of new firms decreased 1.2 percent, while new business incorporations decreased 1.8 percent in 1996. Financial difficulties leading to business bankruptcies increased by 27.3 percent and business failures decreased by 5.0 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Missouri decreased from 483 in 1994 to 445 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
FIRST CITY NB	Springfield
FIRST MIDWEST BK	Poplar Bluff
FIRST MO ST BK	Poplar Bluff
FIRST ST BK	Purdy
BANK OF GAINESVILLE	Gainesville
CENTRAL BK OF KANSAS CITY	Kansas City
O'BANNON BKG CO	Buffalo
MERCANTILE BK OF NO CENTRAL	Macon
NODAWAY VALLEY BK	Maryville
BOONSLICK BK	Boonville
BANK OF SULLIVAN	Sullivan
FIRST COMMUNITY BK	Bernie
BOONE COUNTY NB OF COLUMBIA	Columbia
SOUTHWEST BK	Saint Louis
BOATMENS BK OF SOUTHERN MO	Springfield
BANK MIDWEST NA	Kansas City
BOATMENS NB OF ST LOUIS	Saint Louis

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 54.8 percent of the small business growth with 126,499 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	79,090	47,409	32,479	71,732	(13,659)	217,051
Manufacturing	3,124	4,451	3,572	8,429	(29,618)	(10,042)
Retail Trade	15,780	7,430	4,303	9,374	(100)	36,788
Services	39,185	23,379	21,485	48,970	(14,468)	118,553
Other	21,001	12,149	3,118	4,959	30,525	71,752

Industries - The composition of small business in Missouri is very diverse. The by Eating & Drinking Places industry is the largest small business employer in Missouri, followed Health Services. The fastest growing industry for small business is Nondepository Credit Institutions (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Missouri by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	2,101,086	100.0	52.0
Health Services	8000	249,651	11.9	40.1
Eating & Drinking Places	5800	157,434	7.5	65.2
Business Services	7300	111,976	5.3	53.2
Wholesale Trade - Durable Goods	5000	80,429	3.8	74.4
Special Trade Contractors	1700	64,838	3.1	91.4

Table 2, Top Five Small Business Industries in Missouri by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	1,093,579	100.0	52.0
Eating & Drinking Places	5800	102,590	7.5	65.2
Health Services	8000	100,189	11.9	40.1
Wholesale Trade - Durable Goods	5000	59,871	3.8	74.4
Business Services	7300	59,587	5.3	53.2
Special Trade Contractors	1700	59,251	3.1	91.4

Table 3, Fastest Growing Industries for Small Business in Missouri, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	1,065,734	1,093,579	27,845	2.6
Nondepository Credit Institutions	3,106	3,550	444	14.3
Chemicals & Allied Products	6,491	7,185	694	10.7
Special Trade Contractors	53,820	59,251	5,431	10.1
Building Materials, Hardware, Garden Supply, & Mobile Homes	10,955	12,052	1,097	10.0
Rubber & Miscellaneous Plastics Products	9,363	10,167	804	8.6

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.